

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Chet Reames,
Appellant,

v.

Polk County Board of Review,
Appellee.

ORDER

Docket No. 13-77-0709
Parcel No. 070/00785-000-000

On December 20, 2013, the above-captioned appeal came on for consideration before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. Appellant Chet Reames was self-represented and requested his appeal proceed without a hearing. Assistant County Attorneys Ralph Marasco, Jr. and David Hibbard represented the Board of Review. The Appeal Board now, having examined the entire record and being fully advised, finds:

Findings of Fact

Chet Reames is the owner of property located at 1212 Shawnee Avenue, Des Moines, Iowa. The real estate was classified residential on the January 1, 2013, assessment and valued at \$69,700, representing \$15,300 in land value and \$54,400 in improvement value.

Reames protested to the Board of Review claiming the property was inequitably assessed under Iowa Code section 441.37(1)(a)(1) and that the property was assessed for more than authorized by law under section 441.37(1)(a)(2). He asserted the correct value was \$39,900. The Board of Review denied the protest.

Reames then appealed to this Board reasserting his claims.

The property record card indicates the subject is a one-story, frame home built in 1955. It has 816 square feet of above-grade living area and a full, unfinished basement. It also has a 188 square-foot deck and a 720 square-foot detached garage built in 1982. The property is listed in below normal condition with a 4-05 grade (average) rating. The site is 0.175 acres.

Reames states he purchased the property for \$39,900. The purchase occurred in November 2011 and Household Finance Industrial Loan Company of Iowa was the seller. Because the property sold from a financial institution, it would not be considered to represent a normal, arm's length transaction and, without adjustment, is not to be considered for assessment purposes. Iowa Code § 441.21(1)(b)(1). Regardless, we do not find the sale price from 2011 to be singularly conclusive of the property's value as of January 1, 2013.

Reames submitted sixteen black and white photocopied pictures of the subject property to the Board of Review. The photos are dark and it is difficult to see their contents, but they appear to represent the property in below normal condition. We note the property record card lists the subject as in below normal condition. There is also a photocopy of a handwritten note in the record. It is not clear who authored the note but it states the "driveway has huge issues."

Reames submitted four properties on his protest form asserting his property is inequitably assessed. The following chart summarizes three of the properties. There is no information in the record regarding the fourth property submitted by Reames located at 3943 12th Street.

Address	Size	Year Built	2013 Assessment
Subject	816	1955	\$69,700
3901 8th Pl	805	1912	\$38,500
3922 8th Pl	864	1913	\$38,700
3841 9th St	854	1900	\$46,900

The properties are all similar size but they are considerably older than the subject property. Further, they all have a 5+10 (below average) grade compared to the subjects' 4-05 grade. Lastly,

none of the properties submitted by Reames sold and he did not provide the market value of these properties to establish an assessment/sales-ratio analysis. An equity analysis typically compares *prior year sale prices* (2012 sales in this case) or established market values to the *current year's assessment* (2013 assessment) to determine the assessment/sales-ratio.

Additionally, Reames did not provide any evidence of the fair market value of his property as of January 1, 2013, to complete the equity analysis. Lastly, Reames did not make any assertions that the assessor failed to apply an assessing method uniformly to similarly situated or comparable properties.

The Board of Review relied on five equity comparables provided to it by the Assessor's office. All four properties were built between 1951 and 1954 compared to the subject property, which was built in 1955. Additionally, all are similar in size and graded 4-05 like the subject. However, like Reames' equity comparables, none of these properties have sold and a market value was not established. Therefore, an assessment/sales-ratio analysis cannot be completed and we do not consider this evidence.

The Board of Review also considered five comparable sales submitted and adjusted by the Assessor's office. The properties all offer similar size, age, and grade; however, all are rated in normal or above-normal condition compared to the subject property's below normal condition rating. The adjusted sales prices of these properties range from roughly \$60,000 to \$89,000, with a median of \$84,151. This is the only evidence in the record of the subject property's fair market value as of January 1, 2013, and it does not suggest the subject is over-assessed.

Conclusion of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2011). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). However, new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). "Market value" essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* In interpreting this provision, the Iowa Supreme Court has stated that while the sales price of a property may be evidence of its market value, the sales price *alone* is not determinative of the market value. *Riley v. Iowa City Bd. of Review*, 549 N.W.2d 289 (Iowa 1996). Rather, the subject property's sales price in a normal transaction is a matter to be considered in arriving at market value but does not *conclusively* establish the subject's market value. *Id.* at 290. Section 441.21(1)(b) further states the sale prices of properties in abnormal transactions not reflecting market value must not be taken into account, or must be adjusted to eliminate the effect of factors which distort market value, including . . . foreclosure or other forced sales.

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 257 Iowa 575, 133 N.W.2d 709 (Iowa 1965). The six criteria include evidence showing

“(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination.”

Id. at 711. The *Maxwell* test provides that inequity exists when, after considering the actual and assessed values of comparable properties, the subject property is assessed at a higher proportion of this actual value. *Id.* The *Maxwell* test may have limited applicability now that current Iowa law requires assessments to be at one hundred percent of market value. § 441.21(1). Nevertheless, in some rare instances, the test may be satisfied.

Reames offered for four equity comparables but none have sold. An equity analysis typically compares *prior year sale prices* (2012 sales in this case) or established market values to the *current year's assessment* (2013 assessment) to determine the assessment/sales-ratio. Without sales prices or market values for Reames' comparables and the subject property, this equity analysis cannot be completed. Further, Reames did not make any assertions the assessor failed to apply an assessing method uniformly to similarly situated or comparable properties. Thus, his evidence did not prove inequity under either legal test.

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275,

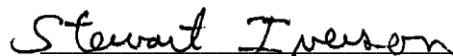
277 (Iowa 1995). Reames asserts the assessment should be \$39,900, which is his 2011 purchase price as the result of an abnormal sale. Consistent with Iowa law, we find an abnormal sale, without adjustment, cannot be considered for assessment purposes. § 441.21(1)(b)(1). He did not submit any other evidence of the subject property's fair market value as of January 1, 2013. Ultimately, Reames' evidence was insufficient to demonstrate the subject is over-assessed.

THE APPEAL BOARD ORDERS the 2013 assessment of Chet Reames' property located at 1212 Shawnee Avenue, Des Moines, Iowa, as set by Polk County Board of Review, is affirmed.

Dated this 22nd day of January, 2014.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair



Jacqueline Rypma, Board Member

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